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CENTRAL INTELLIGENCE AGENCY

REPORT

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COUNTRY China

DATE OF  
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COMMERCIAL AND INDUSTRIAL TAXATION IN COMMUNIST CHINA

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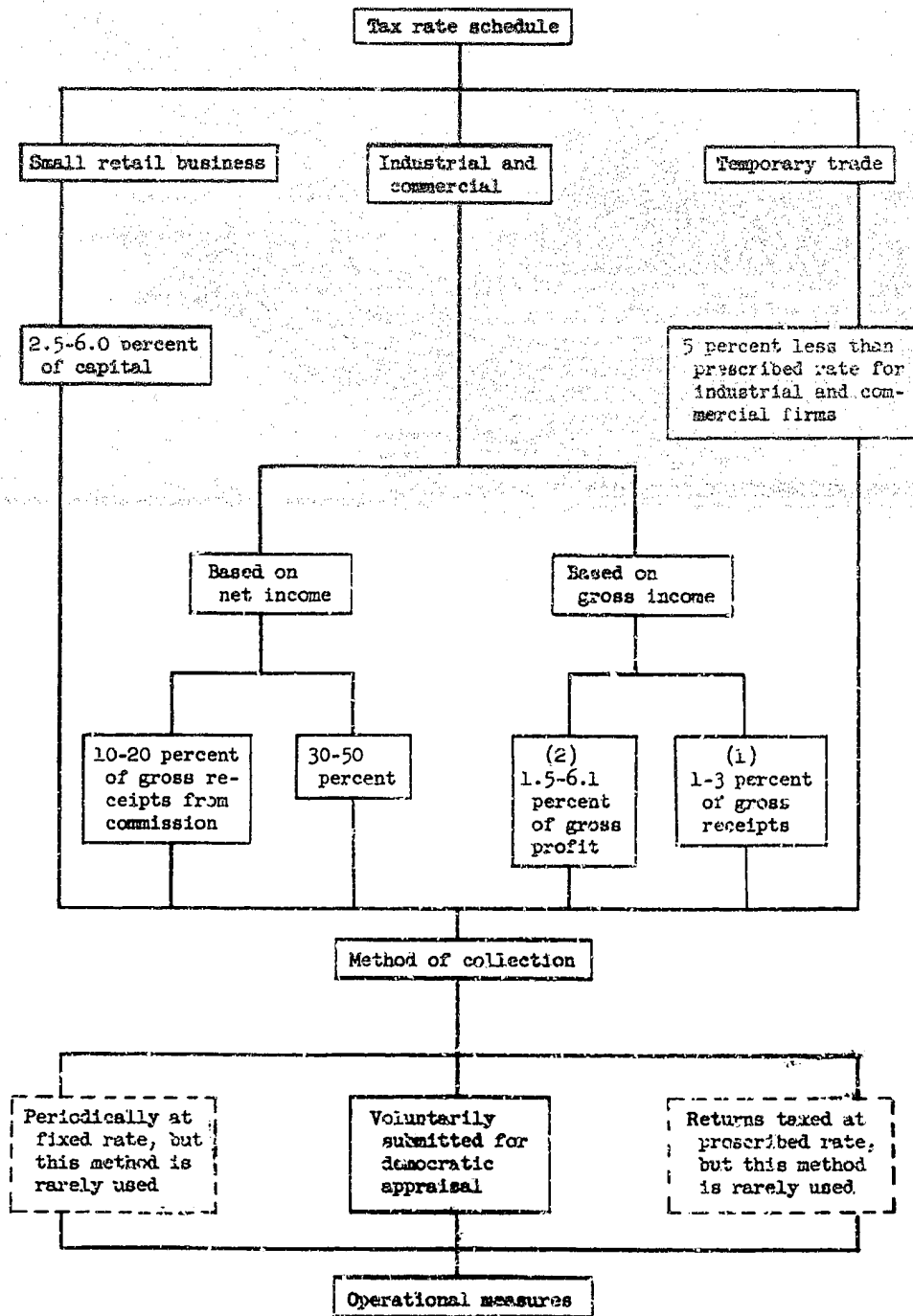
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A. Issuance of Cash Receipt Certificates

1. Various trading associations
2. All transactions exceeding 15,000 yuan which are taxed separately
3. Daily gross receipts of all transactions involving 15,000 yuan or less

B. Democratic Appraisals

1. Organization of appraisal committees by:
  - a. The Federation of Industry and Commerce
  - b. Individual trade associations
2. Organizational membership
  - a. Former office holders and representatives of the tax collection bureau, representatives of government agencies in charge of the administration of commerce and industry, and representatives of the various joint trading associations
  - b. Elected members from the various trading associations
  - c. Individuals invited from among the outstanding leaders of industry and commerce
3. Duties and responsibilities
  - a. To publicize tax policies and orders of the tax bureau
  - b. To supervise the preparation of tax returns
  - c. To appraise the gross and net income on tax returns
  - d. To question and expose those filing fraudulent returns
  - e. To assist the tax bureau in the collection of taxes

C. Committee For the Promotion of Tax Collection

1. Organized by trade and business
2. Qualification for the selection of personnel
  - a. Members are selected from various business firms
  - b. Members must be free from tax debt
  - c. Members' tax returns must be filed accurately and honestly
3. Duties and responsibilities
  - a. To report to the tax bureau on matters relating to industrial, commercial, and private enterprise taxation
  - b. To examine delinquent returns
  - c. To assist the tax bureau in price investigations
  - d. To assist the tax bureau in establishing an accounting system

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D. Movement to Establish Accounting Systems in Business Firms

1. Each trade association inspects and approves the accounting systems practiced by the various firms
2. The Federation of Commerce and Industry sponsors accounting lectures for the benefit of business accountants
3. Date to be fixed for the adoption of new accounting systems

E. Tax Collection

1. To sign contracts with various trades and professions for tax collections
2. To supervise tax collection emulation drives
3. To sponsor tax collection programs
4. To sponsor meetings of commercial and industrial federations for the purpose of collecting taxes

F. Collectivization of Tax Collection

1. Bureau of tax collection
2. Duties and responsibilities of members
  - a. Each person is responsible for 50-100 individual tax collections
  - b. Responsible for organizing a tax control system for the masses
  - c. To create tax collection teams

G. Enforcement Activities

1. Rigid inspection
2. Thorough searching
3. Establishment of wide contacts
4. Penetration of smuggling operations
5. Obtaining of accurate information

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